

**IOWA RACING AND GAMING COMMISSION  
MINUTES  
JANUARY 13-14, 2016**

The Iowa Racing and Gaming Commission met on January 13-14, 2016 at The Meadows Event Center, Prairie Meadows Racetrack & Casino (PMR&C), Altoona, Iowa. Commission members present were Jeff Lamberti, Chair; Carl Heinrich, Vice Chair; and Richard Arnold, Kris Kramer and Dolores Mertz.

Chair Lamberti called the meeting to order at 5:30 PM, and requested a motion to approve the agenda. Commissioner Heinrich moved to approve the agenda as presented. Commissioner Mertz seconded the motion, which carried unanimously.

Chair Lamberti requested a motion to go into Executive Session. Commissioner Mertz moved to go into Executive Session pursuant to Iowa Code Section 21.5(1)a, d, and g for the purpose of receiving Division of Criminal Investigation background reports. Commissioner Arnold seconded the motion, which carried unanimously on a roll call vote.

Following the conclusion of Executive Session, Chair Lamberti recessed the meeting until 8:30 AM on January 14th.

Chair Lamberti reconvened the meeting at 8:30 AM, and advised the agenda had been approved the previous evening. He requested a motion to approve the minutes from the November 19, 2015 Commission meeting. Commissioner Mertz moved to approve the minutes as submitted. Commissioner Kramer seconded the motion, which carried unanimously.

Chair Lamberti called on Brian Ohorilko, Administrator of IRGC, for announcements. Mr. Ohorilko provided the following information regarding future Commission meetings:

- February 2016 – No Meeting
- March 3, 2016 – Prairie Meadows Racetrack & Casino, Altoona, IA (Submissions due by February 18, 2016)
- April 14, 2016 – Ameristar, Council Bluffs, IA (Submissions due by March 31, 2016)
- May 2016 – No Meeting
- June 9, 2016 – Wild Rose Jefferson, Jefferson, IA (Submissions due by May 25, 2016)

Chair Lamberti called on Pinnacle Entertainment, Inc. Jack Godfrey, Executive Vice President, Secretary and General Counsel, introduced Anthony Sanfilippo, Chief Executive Officer; Carlos Ruisanchez, President and Chief Financial Officer; Troy Stremming, Executive Vice President of Government Relations and Public Affairs; and Doug Gross, local counsel. Mr. Godfrey stated Pinnacle was before the Commission seeking approval of all qualifying agreements in connection with the transaction with Gaming and Leisure Properties, Inc. (GLPI), a real estate investment trust. He stated Pinnacle is going to sell all of their real estate assets to GLPI and lease them back pursuant to a Master Lease. Mr. Godfrey advised the transaction would include the Ameristar property in Council Bluffs. He stated the operations would not change; Pinnacle

will have full use of the property, and the management team in Council Bluffs will not change as a result of this transaction. Mr. Godfrey indicated Pinnacle is monetizing their real estate assets and focusing on operating casino and entertainment facilities. Pinnacle also requested approval of shelf financing for the transaction. Mr. Godfrey thanked Mr. Ohorilko and the Division of Criminal Investigation for the time spent on the matter and being placed on the agenda.

Chair Lamberti called for any questions concerning the transaction. Chair Lamberti thanked Pinnacle for their cooperation in working through this matter, noting that it is new territory in the gaming world. He noted the Commission did have some issues regarding control of the property, and appreciated Pinnacle's willingness to work through those. Chair Lamberti noted the Commission feels comfortable with the Master Lease.

Mr. Ohorilko stated it is important to the Commission that the properties be properly maintained, and the concerns in that area have been resolved.

Hearing no further comments or questions, Chair Lamberti stated the first item to be addressed is the contracts and business arrangements related to the Real Estate Investment Trust transaction with Gaming and Leisure Properties, Inc.:

- Master Lease
- Merger Agreement
- Employee Matters Agreement
- Separation and Distribution Agreement
- Tax Matters Agreement

Chair Lamberti requested a motion. Commissioner Mertz moved to approve Pinnacle's qualifying agreements indicated on the agenda contingent upon the following condition:

- Approval of the REIT transaction by the Shareholders of Pinnacle Entertainment, Inc. and Gaming and Leisure Properties, Inc.

Commissioner Heinrich seconded the motion, which carried unanimously.

Chair Lamberti requested a motion to approve the shelf application for approval of debt financing. Commissioner Heinrich moved to approve Pinnacle's shelf financing as submitted contingent upon the following condition:

- Listing of equity shares of PNK Entertainment, Inc. ("OpCo) (which will be renamed Pinnacle Entertainment, Inc. upon closing of the REIT Transaction) on the NASDAQ such that OpCo becomes eligible for a shelf application pursuant to Iowa Administrative Code 491-5.4(20)(b).

Commissioner Kramer seconded the motion, which carried unanimously.

Chair Lamberti moved to the contract approval portion of the agenda, and called on Dubuque Racing Association, Ltd. d/b/a Mystique Casino (Mystique). Dustin Manternach, Chief

Financial Officer, presented the following contracts for Commission approval:

- Commercial Flooring – Replacement of Casino Carpet
- USA Security – Replace Surveillance System

Hearing no comments or questions concerning the contracts, Chair Lamberti requested a motion. Commissioner Kramer moved to approve the contracts as submitted by Mystique. Commissioner Arnold seconded the motion, which carried unanimously.

Chair Lamberti called on IOC Black Hawk County, Inc. d/b/a Isle Casino Hotel Waterloo (IOCW). Grant Gubbrud, Senior Director of Finance, presented a contract with JCM Global for new bill validating technology in slot machines for Commission approval.

Hearing no comments or questions concerning the contract, Chair Lamberti requested a motion. Commissioner Mertz moved to approve the contract as submitted by IOCW. Commissioner Kramer seconded the motion, which carried unanimously.

Chair Lamberti called on Ameristar Casino Council Bluffs, Inc. d/b/a Ameristar Casino Council Bluffs (Ameristar). Matthew Block, Vice President of Government Relations, presented a contract with First Wireless, Inc. for a property-wide digital radio system for Commission approval.

Hearing no comments or questions concerning the contract, Chair Lamberti requested a motion. Commissioner Heinrich moved to approve the contract as submitted by Ameristar. Commissioner Arnold seconded the motion, which carried unanimously.

Chair Lamberti called on Diamond Jo, LLC d/b/a Diamond Jo Casino (DJ). Wendy Runde, General Manager, submitted a contract with Alpha Video for software and hardware upgrades for Commission approval.

Hearing no comments or questions concerning the contract, Chair Lamberti requested a motion. Commissioner Arnold moved to approve the contract as submitted by DJ. Commissioner Kramer seconded the motion, which carried unanimously.

Chair Lamberti called on Diamond Jo Worth, LLC d/b/a Diamond Jo Worth (DJW). Kim Pang, General Manager, presented a contract with Alpha Video for a maintenance contract and hardware and software upgrades for Commission approval.

Hearing no comments or questions concerning the contract, Chair Lamberti requested a motion. Commissioner Mertz moved to approve the contract as submitted by DJW. Commissioner Kramer seconded the motion, which carried unanimously.

Chair Lamberti called on Harvey's Iowa Management Co., Inc. d/b/a Harrah's Council Bluffs Casino and Hotel (Harrah's). Janae Sternberg, Chief Financial Officer, presented a contract with Simplex Grinnell LP for a fire control system for Commission approval.

Hearing no comments or questions concerning the contract, Chair Lamberti requested a motion. Commissioner Kramer moved to approve the contract as submitted by Harrah's. Commissioner Arnold seconded the motion, which carried unanimously.

Chair Lamberti called on Isle of Capri Marquette, Inc. d/b/a Lady Luck Casino Marquette (LL). Don Ostert, General Manager, presented a Fourth Amendment to the Dock Site Agreement between the City of Marquette and Isle of Capri Marquette, Inc. for Commission approval. He stated LL values their relationship with the city over the last 21 years and looks forward to continuing to deliver an exceptional entertainment experience and being a great community partner.

Chair Lamberti stated it is his understanding this is the final component of all the agreements. Mr. Ostert answered in the affirmative.

Hearing no comments or questions concerning the Dock Site Agreement, Chair Lamberti requested a motion. Commissioner Arnold moved to approve the agreement as submitted by LL. Commissioner Mertz seconded the motion, which carried unanimously.

Chair Lamberti called on Wild Rose Emmetsburg, LLC d/b/a Wild Rose Emmetsburg (WRE). Tom Timmons, Vice President of Operations for Wild Rose Entertainment, presented a contract with USA Security to upgrade and replace surveillance equipment for Commission approval.

Hearing no comments or questions concerning the contract, Chair Lamberti requested a motion. Commissioner Mertz moved to approve the contract as submitted by WRE. Commissioner Heinrich seconded the motion, which carried unanimously.

Chair Lamberti called on Isle of Capri Bettendorf, L.C. d/b/a Isle of Capri Bettendorf (IOCB). Nancy Ballenger, General Manager, presented the following contracts for Commission approval:

- Reldom Corporation – Purchase Custom Steel Cabinets for Land-Based Casino
- Gitchi Gaming, Inc. – Purchase New Slot and Table Game Chairs for Land-Based Casino
- VSR Industries, Inc. – Purchase New Slot Machine Bases for Land-Based Casino
- Iowa Beer and Beverage d/b/a Fleck Sales Co. – Alcoholic Beverage Vendor
- E-Gads! – Interior Sign Package for New Land-Based Casino

Hearing no comments or questions concerning the contracts, Chair Lamberti requested a motion. Commissioner Heinrich moved to approve the contracts as submitted by IOCB. Commissioner Arnold seconded the motion, which carried unanimously.

Commissioner Heinrich asked about the construction of the land-based facility. Ms. Ballenger advised that it was going very well; it is on schedule and they are anxious for spring/summer to arrive. She indicated additional information regarding an opening date would be provided once it is closer.

Chair Lamberti called on Riverside Casino & Golf Resort, LLC d/b/a Riverside Casino & Golf Resort (RCGR). Sharon Haselhoff, General Manager of Grand Falls Casino & Golf Resort, presented the following contracts for Commission approval:

- Coca Cola Refreshments USA, Inc. – Beverage Agreement
- Everi Games, Inc. – Slot Machine Leases
- Honkamp Krueger & Co., P.C. – Professional Services

Hearing no comments or questions concerning the contracts, Chair Lamberti requested a motion. Commissioner Mertz moved to approve the contracts as submitted by RCGR. Commissioner Kramer seconded the motion, which carried unanimously.

Chair Lamberti called on Rhythm City Casino, LLC d/b/a Rhythm City Casino (RC). Mo Hyder, General Manager, presented the following contracts for Commission approval:

- Lane & Waterman, LLP – Legal Services
- Maxwell Construction, Inc. – Construction – Basement Stabilization
- The Minnesota Chemical Co. – Purchase of Laundry Equipment
- UMR (United Healthcare Co.) – Medical and Flexible Spending Plan

Hearing no comments or questions concerning the contracts, Chair Lamberti requested a motion. Commissioner Heinrich moved to approve the contracts as submitted by RC. Commissioner Mertz seconded the motion, which carried unanimously.

Commissioner Heinrich asked about the progress on the land-based facility. Mr. Hyder indicated it was progressing very well; the structure is completely enclosed and there are approximately 200-300 individuals working on the inside. He indicated the project is on schedule.

Chair Lamberti called on the Iowa Greyhound Association (IGA). Brian Carpenter, General Manager and Director of Racing for Iowa Greyhound Park, presented the following contracts for Commission approval:

- Sport View Television Corp. – Television Control Center, Monitor System, Cameras and Technical Support for Live Racing
- Sportech Racing, LLC – Tote System
- Goldfinch Entertainment, LLC – Consulting Services for Live and Simulcast Wagering

Hearing no comments or questions concerning the contracts, Chair Lamberti requested a motion. Commissioner Mertz moved to approve the contracts as submitted by the Iowa Greyhound Association. Commissioner Kramer seconded the motion, which carried unanimously.

Chair Lamberti called on Iowa West Racing Association (IWRA) d/b/a Horseshoe Casino-Bluffs Run Greyhound Park regarding the approval of the purse supplement reconciliation for 2015. Lorraine May, legal counsel, stated they were seeking approval of the purse reconciliation for the

final time. She advised the Commission had been provided with a full list of how they intend to manage the final payout in full satisfaction of the 2015 purse supplement.

Chair Lamberti asked if all parties were in agreement. Nick Mauro, legal counsel for the IGA, answered in the affirmative.

Hearing no comments or questions concerning the purse supplement reconciliation, Chair Lamberti requested a motion. Commissioner Mertz moved to approve the purse supplement reconciliation as submitted by IWRA d/b/a Horseshoe Casino-Bluffs Run Greyhound Park. Commissioner Arnold seconded the motion, which carried unanimously.

Chair Lamberti moved to the hearings before the Commission, noting the first is for IOC Black Hawk County, Inc. d/b/a Isle Casino Hotel Waterloo (IOCW) for a violation of Iowa Code § 99F.9(5) (Minor). Mr. Ohorilko advised that Commission staff and IOCW have entered into a Stipulated Agreement. On July 25, 2015, an underage female entered the facility and gained access to the gaming floor unchallenged, gambled and was on the floor for over 30 minutes, and consumed alcohol, which triggered the Commission referral. Mr. Ohorilko advised that IOCW has instituted a number of additional exercises to prevent this type of situation from occurring in the future. As a result of the violation, IOCW and Commission staff have agreed to an administrative penalty of \$20,000, subject to Commission approval.

Mr. Gubbrud stated the facility takes underage gambling very seriously. Sharon Korsi, Senior Director of Casino Operations, advised the two team members involved in the situation were terminated upon investigation; one team member was suspended as she did not follow procedure and removed the individual from the casino floor, which enabled the facility to review the incident. Ms. Korsi stated the facility has retrained all of the security officers to insure they understood what had happened. They also brought in the DCI for additional ID training for all staff and recognition of false identification.

Chair Lamberti stated he was appreciative of the extensive training IOCW did of staff. Hearing no further comments or questions concerning the matter, Chair Lamberti moved to approve the proposed Stipulated Agreement with an administrative penalty of \$20,000. Commissioner Kramer seconded the motion, which carried unanimously.

Chair Lamberti moved to the next hearing, Board of Stewards vs. William McCarty, noting the actual hearing was held during the November Commission meeting, at which time the Commission directed conflict counsel to prepare a proposed Order. The proposed Order, which is consistent with the Commission's deliberations and instructions, is before the Commission today. Chair Lamberti requested a motion with respect to the Order.

Commissioner Mertz moved to approve the proposed Order as presented. Commissioner Arnold seconded the motion, which carried unanimously.

As there was no Public Comment or Administrative Business to come before the Commission, Chair Lamberti requested a motion to adjourn. Commissioner Kramer so moved. Commissioner Mertz seconded the motion, which carried unanimously.

MINUTES TAKEN BY:

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JULIE D. HERRICK